

ANNUAL REPORT

**PUBLIC SERVICE
COMMISSION**

JULY 1, 1959 -- JUNE 30, 1960



Governor of Missouri

Pursuant to Section 386,380, Revised Statutes of Missouri, 1949, we have the honor to submit herewith the Annual Report of the Public Service Commission of the State of Missouri, which said report contains a full and complete account of its transactions and proceedings for the period from July 1, 1959 to June 30, 1960, inclusive.

By Typelee Burton
Chairman

E. M. G. L. L.
Commissioner

L. O. McDonald
Commissioner

William Barton
Commissioner

Frank J. Suen
Commissioner

MISSOURI PUBLIC SERVICE COMMISSION

TYRE W. BURTON,	Chairman	Fayette
E. L. McCLINTOCK,	Commissioner . . .	Cape Girardeau
D. D. McDONALD,	Commissioner . . .	Jefferson City
WILLIAM BARTON,	Commissioner	Jonesburg
FRANK J. IJEN,	Commissioner	Kansas City

PATRICIA NACY,	Secretary	Jefferson City
GLENN D. EVANS,	General Counsel	Macon
JAMES M. ENGLAND,	Chief Accountant .	Cape Girardeau
R. E. DUFFY,	Chief Engineer	Greenfield
GEORGE G. FOX,	Chief Rate Expert .	Springfield
CARLE R. NEWBERRY,	Supervisor of Motor Bus and Truck Department	Jefferson City
J. W. RINER, <i>Warren S. Thompson</i>	Supervisor of Railroad Safety Department	Jefferson City

HEADQUARTERS AND PERSONNEL

The headquarters of the Public Service Commission are located on the 9th and 10th floors of the Jefferson Building, corner of Jefferson Street and Capitol Avenue, Jefferson City, Missouri

The Commission has eliminated delay and made its docket entirely current. Unless the case is one in the nature of a complete audit and appraisal of a utility, or one which requires a great deal of field work, or is awaiting the filing of briefs, it can be heard and the report and order issued within less than thirty days after the case is filed.

In very urgent matters, where proper waivers on notices of hearing are filed, the case can be heard and the report and order issued on the same day the case is filed.

The employees of the Commission are especially trained for the positions which they hold. Many have been with the Commission for a number of years and several have attained state-side ^{or wide} and nationwide recognition in their particular field of work.

GENERAL OFFICE

From July 1, 1959, to June 30, 1960, two hundred twenty-two Utility applications and one thousand ninety-two Bus and Truck applications have been filed and processed in the Public Service Commission. During the same period the Commission has issued four thousand six hundred forty Reports and/or Orders. This number includes Orders in Utility and Bus and Truck Cases, Orders on Motions, and Suspension and Reinstatement Orders.

The General Office consists of one Secretary, one Chief Clerk, one File Clerk, two Stenographer-Typists, one Receptionist, One Microfilm Operator, one Telephone Operator, one Mail Clerk, two Multilith Operators and four Janitors.

The microfilming of records is continuing in this office and the films are preserved in steel cabinets and are readily accessible for inspection and viewing.

ACCOUNTING DEPARTMENT

The Department is charged with the responsibility of assisting the Commission in matters regarding valuations of utility properties for rate making purposes, security issues, reorganizations, consolidations, and property acquisitions by operating utilities. It is represented and presents evidence at hearings in which these matters are involved. It also conducts audits and examinations of various public utilities, in order to develop and present information which will enable the Commission to be informed of the actual conditions when considering a case involving any of the matters previously mentioned.

Other duties consist of the supervision of the accounting of all utilities in the State which are subject to the jurisdiction of the Commission, including annual reports from each utility covering its operations, which are filed in the department office as a public record. The department also assists in the preparation of the budget each biennium and maintains current records of expenditures, and periodically advises the Commission as to the current status of each appropriation. By application of provisions of Section 386.370, Missouri Revised Statutes 1949, which set forth the method of assessing various classes of public utility companies by

the Commission for the expenses incurred each fiscal year attributable to the exercise of regulatory power, the department has been directed by the Commission to calculate the exact amount of the assessment against each public utility company in accordance with the provisions of the Act.

Personnel

The chief accountant, nine accountants and two senior stenographers comprised the personnel of the department on June 30, 1960.

Audit and Special Duties

With the exception of the chief accountant and office staff, the personnel of the department perform their duties in the field, auditing the books and records of the various utility companies. The purpose of these audits is to determine the original cost of utility property, operating revenues and expenses, net operating income and the utility's capitalization, for the use of the Commission in any valuation or rate case which may be before it; and for any other purpose which the Commission might deem proper under the circumstances. Special studies are also made from time to time by members of the department for the purpose of inquiring as to the adequacy, or inadequacy, of the net operating income of the utility under review, based on its existing rate base.

During the fiscal year seven members of the department were in the field on audits involving the verification of original costs, examination of the operating revenues and expenses and property studies of the following:

Grand River Mutual Telephone Company
(Property and Acquisition Adjustment study)
Case No.14,273 Laclede Gas Company
Case No.14,171 Missouri Power and Light Company
Case No.14,383 Missouri Power and Light Company
Case No.14,280 Missouri Public Service Company
Case No.14,275 Missouri Utilities Company
Case No.14,385 Missouri Utilities Company
Case No.14,469 Missouri Water Company
Case No.14,386 Missouri Western Gas Company
Southwestern Bell Telephone Company
(Recurring property study)
Union Electric Company
(Recurring property study)

During the fiscal year a total of 1,018 annual reports and 1,843 quarterly reports were filed by various motor carriers for their 1959 operations. The accountant in charge analyzes these reports as to their conformity with requirements set forth by the Commission, and as to the propriety of the accounting methods and practices of the carriers. Where deviations are found in the reports the carrier is notified and very often help is offered toward improving accounting methods and practices and the preparation of future reports. This accountant is also available for obtaining such accounting and statistical data relative to the various

motor carriers' operations as might be required by the Commission from time to time in passing upon the requests of various motor groups for increased rates.

Security Issues

During the fiscal year the amount of Security Issues authorized by the Commission amounted to \$242,582,481.20, or a decrease of 7.98% from the amount authorized in the preceding fiscal year. Of this amount \$1,301,000.00 was for the purpose of refunding outstanding securities and debt, and \$241,281,481.20 for new money obtained for the acquisition, construction, extension and improvement of the services of the various utility companies.

The refunding issues, as stated above, amounted to \$1,301,000.00, as compared with \$104,884,160.17 for the preceding fiscal year.

The fact that Missouri public utility companies were able to obtain their capital requirements during the past year reflects to some degree the sound financial condition of these companies and their good credit rating. This is further justification for the continuance by the Commission of its policy of careful scrutiny of all proposed security issues, with the view to improving corporate structures and to increasing the margin of safety to investors.

The following table shows the securities authorized during the period from July 1, 1959 to June 30, 1960, inclusive:

SECURITIES AUTHORIZED JULY 1, 1959 TO JUNE 30, 1960

DATE OF AUTHORITY	CASE NO.	COMPANY	KIND OF SECURITIES	REFUNDING	TOTAL VALUE
July 1, 1959	14,229	Northeast Missouri Rural Telephone Company	Notes		\$ 377,000.00
July 1, 1959	14,191	Meramec Telephone Company	Notes		115,000.00
July 9, 1959	14,237	Webster County Telephone Company	Bonds		226,000.00
July 20, 1959	14,256	Parkville Water Company	Bonds	\$ 40,000.00	40,000.00
July 17, 1959	14,240	Southwest Dial, Inc.	Common Stock		50,000.00
July 17, 1959	14,240	Southwest Dial, Inc.	Preferred Stock		60,000.00
July 17, 1959	14,240	Southwest Dial, Inc.	Notes		895,000.00
July 24, 1959	14,231	Bowling Green Gas Company	Common Stock		6,750.00
July 24, 1959	14,231	Bowling Green Gas Company	Preferred Stock		15,000.00
Aug. 7, 1959	14,245	A & M Telephone Company	Notes	800,000.00	800,000.00
Aug. 14, 1959	14,250	Urbana Telephone Company	Notes		299,000.00
Aug. 24, 1959	14,217	Noel Telephone Company	Note		25,000.00
Aug. 24, 1959	14,246	Hartville Telephone Company	Note		38,000.00
Aug. 13, 1959	14,272	Union Electric Company	Common Stock		10,366,020.00
Aug. 28, 1959	14,291	St. Charles Gas Corporation	Bonds	461,000.00	650,000.00
Sept. 22, 1959	14,301	Raytown Water Company	Bonds		175,000.00
Oct. 21, 1959	14,322	St. Joseph Light and Power Company	Common Stock		1,467,055.00
Nov. 3, 1959	14,329	St. Louis Public Service Company	Notes		1,417,500.00
Nov. 6, 1959	14,336	Capital City Telephone Company	Preferred Stock		300,000.00
Nov. 9, 1959	14,333	Missouri Power and Light Company	Bonds		4,000,000.00
Nov. 17, 1959	14,338	Southwestern Bell Telephone Company	Common Stock		75,000,000.00
Nov. 19, 1959	14,228	Kingdom Telephone Company	Common Stock		24,000.00
Nov. 30, 1959	14,304	Steelville Telephone Exchange, Inc.	Notes		251,000.00
Dec. 10, 1959	14,352	Kansas City Power and Light Company	Bonds		20,000,000.00
Dec. 18, 1959	B-18,952	St. Louis-Cape Bus Line	Note		34,956.20
Dec. 21, 1959	14,346	South Missouri Telephone Company	Note		329,000.00
Dec. 23, 1959	14,359	Southwest Dial, Inc.	Notes		415,000.00
Jan. 26, 1960	14,351	Twin Lakes Telephone Company	Preferred Stock		150,000.00
Jan. 26, 1960	14,350	Twin Lakes Telephone Company	Notes		250,000.00
Feb. 23, 1960	14,391	Pea Ridge Telephone Company	Notes		30,000.00
Feb. 24, 1960	14,323	Wheeling Telephone Company	Notes		52,000.00
Feb. 25, 1960	14,392	Lincoln Telephone Company	Notes		250,000.00
Feb. 25, 1960	14,392	Lincoln Telephone Company	Preferred Stock		150,000.00
Mar. 9, 1960	B-19,025	Ferguson-Broadway Bus Lines, Inc.	Common Stock		50,000.00
Mar. 15, 1960	14,411	Bourbon Telephone Company	Notes		30,000.00
Mar. 29, 1960	14,401	Milan Telephone Company	Note		165,000.00
Apr. 8, 1960	14,428	Missouri Utilities Company	Bonds		1,000,000.00
Mar. 29, 1960	14,400	Milan Telephone Company	Common Stock		120,000.00
			Bonds		2,000,000.00

May	5, 1960	14,409	Mid-Missouri Telephone Company
May	13, 1960	B-19,140	Brown Motor Lines, Inc.
May	4, 1960	14,450	United Telephone Company
May	4, 1960	14,450	United Telephone Company
June	10, 1960	14,463	Southwestern Bell Telephone Company
June	20, 1960	14,470	Grand River Mutual Telephone Company
June	23, 1960	14,465	Laclede Gas Company
June	23, 1960	14,465	Laclede Gas Company

Note	\$	\$ 168,000.00
Note		30,000.00
Common Stock		1,500,000.00
Bonds		2,000,000.00
Debentures		100,000,000.00
Notes		2,420,000.00
Bonds		10,000,000.00
Common Stock		<u>4,141,200.00</u>
Total	\$1,301,000.00	<u>\$242,582,481.20</u>

Recapitulation

Common Stock	\$ 92,725,025.00
Preferred Stock	675,000.00
Bonds	8,391,456.20
Debentures	100,000,000.00
Notes	<u>40,791,000.00</u>
Total	\$242,582,481.20

Annual Reports

Approximately 1,216 electric, water, heating, gas telephone, telegraph, street transit, railroad, sleeping car, express, and bus and truck companies filed annual reports with the Commission. These reports show each reporting utility's financial condition and operating results for the last calendar year. The reports are available for public inspection, and information contained in them is used extensively by security holders, investment brokers, municipal and county officials, and interested public utilities and individuals.

The department uses these reports in developing rates of return and earnings of the various companies under the jurisdiction of the Commission. From time to time, statistical studies pertaining to various matters under review are also developed for the use of the Commission.

Too much emphasis cannot be placed upon the importance of obtaining this required annual report from each utility regardless of size. Each year in the past various small utilities have been delinquent in filing and the department has been compelled, by various means, to advise them of their delinquency. In spite of these efforts, there are always a few utilities from which the department is unable to obtain a report. For the calendar year,

however, our efforts culminated in the filing of reports by practically all utilities so obligated. While the Public Service Commission Law grants the Commission power to assess a penalty for failure to file, the Commission has never exercised this power, preferring instead, by less severe methods, to impress upon all utilities the importance of complying with the law.

Budget and Appropriations

The department advises the Commission periodically as to the status of each of the appropriations under which it operates, and helps in the preparation of the budget request for each biennium. Current records are maintained in the department, recording the expenditures under the various appropriations and showing the free balance in each. All proposed Commission expenditures are referred to the department for the purpose of determining whether the expenditure can be made within the scope of the budget appropriation.

In accordance with the provisions of Section 386.370, Missouri Revised Statutes 1949, the Commission on June 20, 1960 entered its Order in Case No. 11,110, Supplemental Order No. 13, in which it estimated the amount of its expenses for the current fiscal year 1960-61, payable under this Section, at \$360,543.59.

After crediting the various utilities with the unexpended balance of \$70,543.59 from the preceding fiscal year, the Commission assessed each group, in addition to said unexpended sum, as follows:

(a)	Railroad Corporations	\$49,000.00
(b)	Street Transit Corporations .	6,325.00
(c)	Other Common Carriers (Railway Express Company) .	250.00
(d)	Electric Corporations, Gas Corporations, Water Corpora- tions, Heating Companies and Telephone Corporations	234,200.00
(e)	Telegraph Corporations	225.00
Total		<hr/> \$290,000.00

The department in the same order was directed to calculate the amount of the assessment against each public utility in each group in proportion to its gross intrastate revenues for the preceding calendar year in relationship to the total for the group. The assessment so calculated was presented to the Secretary of the Commission, who was directed to notify each utility of the amount assessed and the method by which payment should be made.

Fees During the fiscal year the fees collected, exclusive of the Bus and Truck Department were as follows:

Authority Fees	\$51,533.75
Miscellaneous Earnings	<u>7,348.50</u>
Total	\$58,882.25

The fees amounting to \$58,882.25 collected during the current fiscal year compare with \$38,890.52 collected in the preceding fiscal year. All authority fees and miscellaneous earnings collected revert directly to the State's General Revenue Fund and are not subject to expenditures by the Commission by appropriation.

Cooperation with Other Regulatory Commissions

During the fiscal year, cooperation was maintained with the Federal Power Commission in connection with joint problems relative to various Missouri electric utilities. The department has also cooperated with the Securities and Exchange Commission and Rural Electrification Administration in matters of mutual interest. The department when called upon has furnished information, engaged in conferences and cooperated with personnel of the Rural Telephone Association in connection with applications for government loans for rural telephone companies.

General

In addition to previously outlined functions, the department is constantly called upon for assistance and

information by those regulated, as well as the general public, and when not in conflict with Commission policy, such assistance and information is furnished. The department works in close cooperation with other departments of the Commission, and many of the results achieved have been the result of cooperation and assistance from these other departments.

At the close of the fiscal year, the department is still faced with ever-increasing demands for the service of its personnel. Because of increased operating costs, various classes of utilities frequently petition the Commission for authority to file schedules of increased rates, which usually necessitates field work by department accountants. Usually in these cases the petitioner stresses the urgency of the situation and requests immediate remedial action. The department will continue to make the necessary studies as rapidly as physically possible.

BUS AND TRUCK DEPARTMENT

The Bus and Truck Department of the Missouri Public Service Commission on June 30, 1960, consisted of a supervisor, a chief clerk, eight district inspectors, five clerks and stenographers.

This department through its office personnel and inspection division gave beneficial information not only to carriers that are licensed and certificated by the Public Service Commission but to the shipping and the consuming public as well.

The office staff has been able to keep on a current schedule day by day basis on correspondence, questionnaires, applications for authority, applications for annual licenses, filing of insurance coverage for each carrier authorized to operate into and through the State of Missouri, complaints on illegal operations, complaints in regard to service damage, and other irregularities of authorized carriers, complaints of exempt carriers exceeding exemptions, requests for copies of the Missouri Bus and Truck Law, and General Order No. 33-C.

This department came into existence in 1931 and since that time there have been many changes in policy and procedures due to modernizing of vehicles, highways, and business methods. There have been revisions of the

Statutes, almost every ten years since the start of regulation of motor carriers, to keep up with the current problems confronting the transportation industry. It is planned to have the Legislature to make changes in the present law so that it will be compatible with other State's laws by adopting uniform sections on form and contents of applications, definition of terms, power of arrest by the inspection division on violations of the Statutes pertaining to the regulations of motor carriers coming under the jurisdiction of this Commission, registration changes such as use of cab cards, and other requirements that will assist legal carriers rather than hinder them in their operations.

This department, as in the past several years, was of great assistance to the general public on all matters of concern to the operations of common carriers and contract carriers of persons and property operating for hire on the highways of Missouri.

All complaints of service and all complaints of illegal operations were investigated and corrected. Most of the complaints received during the past year were by certificated dump truck operators about unauthorized carriers using devious methods such as buy and sell, and leasing of vehicles as a subterfuge to

evade the law.

The main objective of this department has been and it will continue to be to prevent accidents on the highways of Missouri. The inspection division requires strict compliance of the Safety Rules promulgated by the Commission by all motor carriers coming under its jurisdiction. Inspectors of this department are continuously checking all vehicles to determine that they meet the necessary requirements for safe operation while operating on our highways.

Fine cooperation was given and received by this department from and to all departments connected with the work of handling problems involving motor carriers of this State. These departments include the Missouri State Highway Patrol, State Highway Commission, Department of Revenue, State Treasurer, Secretary of State, and State Auditor. This department has assisted the Civil Defense Agency since the beginning of that office. We have participated on all alerts and assisted in making the transportation section of the Missouri Survival Plan.

This department is charged with the responsibility of all types of transportation in case of war or emergency. This entails considerable time in developing plans covering every situation that might arise. These plans have been changed constantly in past years and it is con-

templated further changes will have to made in the future.

Full cooperation was received from the Bureau of Motor Carriers, Interstate Commerce Commission on every Nation-Wide Road Check held during the year. In these "safety checks" of vehicles on the highways of Missouri many tractors and trucks are put out of service due to failure of steering mechanism, lighting devices, tires, horn, windshield wipers, coupling devices and other accessories that are not in good working condition. Inspections of motor vehicles invariably find some to be in bad condition and many of the vehicles that are found to be unsafe are put out of service until corrections are made. The predominate weakness of most of the vehicles that were put out of service was due to leaks in brakes, air hoses and connections and in the brake diaphragms.

The cooperations on the supervision, administration, and enforcement has continued to be good with our neighboring States and the interchange of ideas and information has been beneficial to all of the participating States. At the Executive Committee of the National Conference of State Transportation Specialists in Springfield, Illinois it was voted to continue:

1. Increasing the exchange of monthly reports be-

tween the States actively engaged in enforcement.

2. Trying to get the States to adopt uniform sections into each States Motor Carrier or related Act with regard to definitions, power of arrests, and registration of Interstate Carriers.

In the 19 State Road Checks during the week of June 6-12, 1960, there were 107 arrests in Missouri made on all types of violations of law, 58 of these arrests were for not having Public Service Commission authority. At Rolla, Missouri, the fines and court costs amounted to over \$5,000.00. All of fines collected go into the "School Fund" of the County where violations were committed. At Kingdom City there was approximately half of the above amount collected on fines and court costs.

An example of the Nation-Wide Road Checks held in conjunction with the Interstate Commerce Commission during the week of September 14-18, 1960, at Springfield, Carthage, Lanagan and Republic check points is as follows:

For the five day period there were seventeen arrests for Public Service Commission violations, eleven overweight cases, and four license violations. Sixty-one vehicles were put out of service due to equipment defects and those were not moved until corrections were made. These violations, as noted on the check

sheets, were for the most part on bad brakes, hose connection, air chamber, and diaphragm leaks, and many miscellaneous violations. In addition to arrests forty-three warnings were given for minor violations. Total of fines and court costs were \$3,774.00 on the above mentioned cases.

Along with these "Road Checks" this department is interested in the "Safety Clinic" program instituted by the Missouri Bus and Truck Association in conjunction with the Bureau of Motor Carriers of the Interstate Commerce Commission. These clinics were started three years ago and have proven to be of immeasurable value to all truck operators in the State of Missouri. Safety Inspectors of the Interstate Commerce Commission give a brief explanation of the safety regulations of the Interstate Commerce Commission, and the Public Service Commission safety rules are similar in most respects with the Federal Law, after the explanation the Inspector then demonstrates the most effective method of inspecting a tractor-trailer unit to insure that the equipment is in a safe operating condition before using on the highway. They also explain the type of fire extinguishers, flares, flags, fuses, and reflectors that should be carried for use in case of emergencies.

The safety clinics held in Missouri the past two

years have been so successful that the Interstate Commerce Commission used the Missouri plan in more than 20 states throughout the nation.

The preventing of accidents is as important as a preventive maintenance program is for small and large truck operators alike. The participation by the Inspection Division of the Bus and Truck Department with the Patrol, Interstate Commerce Commission and the Missouri Bus and Truck Association on the Safety Clinics, has been effective in disseminating information for a good safety program and should be continued in the future.

It was predicted two years ago that whenever the "Prescribed Rate Schedule" was approved by the Commission on the complicated rate structure of the dump truck haulers, that conditions would be bettered. The "Prescribed Rate Schedule" has been in effect for some time now and it has made the regulation of the dump truck haulers easier to administer. However, due to the number of hours spent in the investigations of the above type of transportation complaints, of every description, tends to support proof that this segment of the field of transportation was not suited or intended to be under regulation of this Commission or any regulatory body.

There was an increase of regulatory fees this year over the past year. Last year we collected \$513,807.00 and this year we collected \$543,333.00 or \$29,526.00 more. Additional equipment of authorized carriers' fleets and new carriers receiving authority both intrastate and interstate as well as a normal growth and increase in highway transportation, caused the gain in the collection of revenue over last year.

The following tabulations show the amount of revenue collected from motor carriers under the jurisdiction of this Commission, for the twelve months period from July 1, 1959 to June 30, 1960:

	TRUCK	BUS	TOTAL
July, 1959	\$ 15,891.00	\$ 525.00	\$ 16,416.00
August, 1959	13,810.00	975.00	14,785.00
September, 1959	14,392.00	250.00	14,642.00
October, 1959	6,990.00	250.00	7,240.00
November, 1959	6,368.00	25.00	6,393.00
December, 1959	6,837.00	50.00	6,887.00
January, 1960	341,676.00	21,175.00	362,851.00
February, 1960	29,665.00	3,500.00	33,165.00
March, 1960	20,546.00	125.00	20,671.00
April, 1960	26,412.00	525.00	26,937.00
May, 1960	12,607.00	1,029.00	13,636.00
June, 1960	17,255.00	2,455.00	19,710.00
Grand Totals	\$512,449.00	\$30,884.00	\$543,333.00

The following number of new cases filed, orders issued, motions filed is to give the work load on a per month basis:

	NEW CASES FILED	ORDERS ISSUED	MOTIONS FILED
July, 1959	77	164	27
August, 1959	78	172	29
September, 1959	97	164	24
October, 1959	95	173	16
November, 1959	69	125	25
December, 1959	74	138	22
January, 1960	90	169	42
February, 1960	90	156	27
March, 1960	87	175	19
April, 1960	115	150	25
May, 1960	108	216	47
June, 1960	112	197	29
<hr/>			
Totals	1092	1999	332

ENGINEERING DEPARTMENT

Problems coming before the Commission in connection with the regulation of railroads, water, gas, electric, steam heating, telephone, telegraph and express utilities in the State of Missouri require the attention of the Engineering Department. The work of this department requires the employment of trained and experienced men in order to expedite the work. As has been indicated in former reports the problem of finding and employing this class of men continues to become more difficult to solve. Recent graduates in Engineering have been employed and after they enter into the work offers come to them that cause them to leave. Some have been called into the Armed Services and during that absence find employment elsewhere. Trained engineers are almost unobtainable at present day salaries. Because of the fact that a number of years of training are required for new college graduates before such employees are able to handle valuation problems, including original cost and depreciation studies. It also requires several years of training for an inexperienced employee to be able to handle the various rate problems that come before the Commission. It is almost impossible to secure men who are willing to go through this training period while the engineering field

outside of regulatory work offers them opportunities in immediate engineering work.

The staff in this department has the assignment of receiving and filing tariffs of the water, gas, electric, steam heating, telephone and telegraph utilities. It also makes investigations relative to complaints coming before the Commission and inquiries concerning service and safety problems.

Railway Problems

In former years rail transportation motive power was provided by use of steam and electric locomotives. today the locomotives are practically, if not 100%, built for diesel or diesel-electric motor operation. The change brings to railroad operators many advantages and possibly some new problems. The diesel engine is smoother in its operation, hammers the rails less, controls the train better, causes less wear on the rolling stock, less damage to freight, provides greater comfort to the riding public, possibly causes less breakage of track rails, provides means for handling longer trains and will do so at greater speed. While the smoke from the train is eliminated there may be some increase in danger from the running of the train because the smoke gave some warning of the train as it approached grade crossings throughout the State. It will be noted, how-

ever, the diesel locomotive has very substantially reduced fires along the railroad rights-of-way since it came into use.

With the increase in speed obtained in the use of the diesel engine safety problems at highway crossings become more difficult. This hazard is made still greater because of improved highway construction and use of higher speed motor vehicles. A continuous effort is made by the staff to reduce grade crossing accidents but there still occur too many tragedies at these crossings. Much time and thought is given to placement of effective warning signs and preventive equipment. More detailed information on accidents is given below.

The staff works on problems of the following character:

- Inspection of rolling stock.

- Investigations for the need for and safety of switch and side track connections.

- Matters relating to service offered by the railroad companies at their stations.

- Supervision of railway crossing protection, signal systems and interlocking plants.

- Investigation of accidents on railroads.

- Checking of clearances of structures

located at or over, or to be built
beside railroad tracks.

Drainage problems.

The following tabulation shows the Commission's disposition of formal cases that have come before the Commission in this field during the present period as compared with those that came before it during the previous period, July 1, 1958 to June 30, 1960:

<u>Railway Service</u>	<u>7-1-58 to</u> <u>6-30-59</u>	<u>7-1-59 to</u> <u>6-30-60</u>
Discontinuance of Agency (granted)	23	17
Discontinuance of Agency (denied)	3	2
Discontinuance of Agency (dismissed)	2	0
Station abandoned and buildings removed	5	6
Install caretaker	7	2
Discontinuance of caretaker	3	3
Construct spur or switch track	1	1
Construct spur or switch track (Dismissed)		1
Remove spur or switch track	5	1
<u>Railway Safety</u>		
Horizontal Clearance (granted)	1	6
Horizontal Clearance (dismissed)	1	0
Vertical Clearance (granted)	5	6
Interlocking plans approved	1	9
Train Stop System approved	0	1
Additional Tracks over Existing Crossings	3	0

Flagman or Crossing Watchman abandoned	6	11
Flashing Lights installed at Existing Crossings	14	15
Flashing Lights and Gates installed	7	10
Flashing Lights retired	0	3
Gates installed	0	3
Crossing Flood Lights retired	0	1
Manually-operated Gates retired	4	7
Tracks involved - Main Line	26	54
Tracks involved - Switch or Spur	14	15

Crossings

New Grade Crossings established (No protection)	18	20
New Grade Crossings established (Denied or Dismissed)	2	4
New Grade Crossings established (With Flashing Lights)	8	7
Grade Crossings closed	16	13
Underpass (granted)	3	3
Overpass (granted)	14	14
Overpass (denied)	1	0
Overpass (dismissed)	1	0
Overpass Reconstructed	2	0
Underpass Reconstructed	3	3
Extension of Time to comply with Order	3	3

Information contained in reports of accidents as made by the railroads for this period as compared to

the previous period is as follows:

	1958 - 1959		1959 - 1960	
	<u>Killed</u>	<u>Injured</u>	<u>Killed</u>	<u>Injured</u>
Passengers	0	50	0	68
Employees	7	278	3	289
Non-trespassers	31	94	33	95
Trespassers	<u>10</u>	<u>14</u>	<u>11</u>	<u>10</u>
Total	48	436	47	462
Accidents (no injury)	82		92	
Total number of accidents	554		565	

For the period 1957-1958 the number of persons killed was 60 and the number injured was 410. For the same period accidents (no injury) was 76 and total number of accidents was 546.

Of the total five hundred sixty-five accidents, eighty-two occurred at highway-grade crossings. Twenty-one of the accidents were caused by vehicles on the highway running into trains, while fifty-four were caused by railroad trains striking vehicles. Seven pedestrians were struck at a crossing. Ninety persons were injured and twenty-eight lost their lives as a result of these accidents. Twenty-six of the eighty-two accidents occurred at protected crossings and fifty-six at unprotected crossings.

	1957 <u>-1958</u>	1958 <u>-1959</u>	1959 <u>-1960</u>
Number killed at protected crossings	14	10	10
Number injured at protected crossings	12	15	19
Number killed at crossings not protected	13	17	18
Number injured at crossings not protected	64	66	71

Further study of the accident reports shows the following information:

<u>TIME OF YEAR</u>									
	<u>Number of Accidents</u>			<u>Number Killed</u>			<u>Number Injured</u>		
	1957 -1958	1958 -1959	1959 -1960	1957 -1958	1958 -1959	1959 -1960	1957 -1958	1958 -1959	1959 -1960
July	5	9	2	2	2	0	3	7	2
August	4	2	1	3	1	0	2	3	6
September	2	6	5	2	6	1	2	5	5
October	8	8	8	4	2	1	6	9	9
November	5	6	15	1	1	7	5	5	20
December	12	7	6	6	1	3	9	14	3
January	14	14	13	3	8	3	26	10	12
February	9	3	10	2	0	2	8	3	12
March	5	12	6	1	3	2	6	11	5
April	7	3	7	2	0	4	6	3	10
May	2	2	3	1	1	2	1	5	1
June	2	6	6	0	2	3	2	6	5
Total	75	78	82	27	27	28	76	81	90

<u>TIME OF DAY</u>									
<u>Number of Accidents</u>				<u>Number of Accidents</u>					
A.M.	1957 -1958	1958 -1959	1959 -1960	P.M.	1957 -1958	1958 -1959	1959 -1960		
12 to 1	1	1	0	12 to 1	6	4	7		
1 to 2	3	0	1	1 to 2	10	5	10		
2 to 3	0	2	1	2 to 3	5	2	7		
3 to 4	0	0	1	3 to 4	1	5	3		
4 to 5	1	0	1	4 to 5	5	2	9		
5 to 6	2	2	0	5 to 6	4	6	3		
6 to 7	1	4	1	6 to 7	3	4	3		
7 to 8	8	6	6	7 to 8	5	5	5		
8 to 9	4	5	2	8 to 9	0	1	0		
9 to 10	2	8	4	9 to 10	1	4	2		
10 to 11	5	7	3	10 to 11	1	1	4		
11 to 12	6	3	3	11 to 12	1	1	4		
Total	33	38	25	Total	42	40	57		

It is common knowledge that the number of vehicles on the highways has continued to increase. However, the past few years the number of crossing accidents has re-

mained about the same, which indicates that progress has been made in our effort to reduce the number of accidents that occur at grade crossings.

The following is a summary of railroad accidents reported during the past five years on railroads operating in Missouri:

	1955 <u>-1956</u>	1956 <u>-1957</u>	1957 <u>-1958</u>	1958 <u>-1959</u>	1959 <u>-1960</u>
Total number of accidents	679	637	496	554	565
Total number of accidents- no injuries	195	154	76	82	92
Total killed	60	60	54	48	47
Total injured	448	526	410	436	462
Passengers killed	0	1	0	0	0
Passengers injured	66	99	53	50	68
Employees killed	5	5	8	7	3
Employees injured	276	305	246	278	289
Trespassers killed	17	24	18	10	11
Trespassers injured	10	17	11	14	10
Non-trespassers killed	38	30	28	31	33
Non-trespassers injured	96	105	100	94	95
Crossing accidents	84	82	75	78	82
Killed	35	30	27	27	28
Injured	83	87	76	81	90
Train struck vehicle	57	63	50	59	54
Vehicle struck train	23	12	21	18	21
Pedestrians	4	6	4	1	7
Motorcycle	0	1	0	0	1
Accidents at protected crossings	27	21	21	24	26
Accidents at crossings not protected	57	61	54	54	56

Summary of derailments and collisions reported during the past five years on railroads operating in Missouri:

Derailments-Freight Trains	119	116	62	63	55
Derailments-Passenger Trains	8	5	5	3	4
Collisions-Freight Trains	59	31	19	15	19
Collisions-Passenger Trains	2	4	1	3	3
Other	0	1	2	0	1

Ever since the enactment of the Public Service Commission Law in 1913 the Commission has been seriously concerned with dangers existing at grade crossings and has done everything it can, taking into account the cost of up-grading crossings, to provide the greatest possible safety that may be secured for the public. In the early years of the Commission the trains were about the only high speed vehicles moving across country so there was little concern about highway vehicles running into the side of a train. As the years have past highways have been improved and automobiles and trucks built to drive at much greater speed, so we now have two different kinds of transportation equipment traveling at high speed - trains and motor vehicles. The results are that many accidents are caused by the highway vehicles running into the train. This will be noted from the foregoing summary. It will be noted also that over twice as many accidents are at crossings not protected, compared to those occurring at protected crossings. It is evident from this that the up-grading of protection at crossings should continue at maximum speed. It is not economically possible to eliminate all grade crossings by grade separations, or otherwise, but the Commission is concerned with eliminating the most hazardous crossings, based on physical conditions at crossings or

traffic densities, or the weighing of both causes.

The following table shows the comparison of the different kinds of protection existing at railroad crossings throughout the State for the years 1958 and 1959:

	<u>1958</u>	<u>1959</u>
Gates Operated (24 hours per day)	111	111
Gates Operated (less than 24 hours per day)	16	15
Watchmen Without Gates (24 hours per day)	23	22
Watchmen Without Gates (less than 24 hours per day)	55	54
Both Audible & Visible Signals	556	563
Audible Signals Only	133	133
Visible Signals Only	181	182
Total Specially Protected	1075	1080
Special Fixed Signs or Barriers Only	203	203
Standard Fixed Signs Only	5931	5924
Otherwise Unprotected	144	145
Total Not Specially Protected	6278	6269

The Missouri State Highway Commission as well as this Commission concerns itself with the effort to provide safety at grade crossings, but there are many county roads and private crossings to which the local authorities should give serious thought to protection at these places by using standard warning signs in helping to reduce existing hazards to the traveling

public.. Nothing should be posted along any of the highways approaching the crossings to attract the attention of drivers of motor vehicles thereby interfering with the intent of the crossing sign to warn the driver of the highway vehicle.

The Commission has issued many Orders authorizing our railroads to arrange for the control of the movement of trains on their various systems and allowing them to join in interlocking improvements for improving the safety and economics of operation of the railroads along their main line tracks and for controlling automatically the approaches of trains at interlocking plants. Every effort should be made to encourage, and require to the extent possible, the public to use similar control and care in approaching grade crossings.

The staff of the Commission has made surveys of each grade crossing of the main line tracks of various railroads throughout the state and classified those crossings as to priority of up-grading of existing protection. A substantial number of the crossings have been improved accordingly but there is still more work to do. Each grade crossing case, coming before the Commission for changes, is set for hearing and evidence taken relative to what is required at the time.

Electric Rates and Service

The electric utilities in the State continue to grow at what appears to be an accelerating rate and it is not possible, at this time, to foresee how long that acceleration may continue..

Following the year 1921, electric rates in Missouri have continued to decline until about the middle of the year 1958. Since the beginning of World War 1 the need for additional generating and transmission capacity has grown so rapidly the utilities have been under continuous stress to provide the capacity to take care of the needs of the public for the service. They have done so in a remarkable way and by the construction of new generating facilities they have had the advantage of having available generating stations that enable them to produce electric energy at a lower fuel cost per kilowatt hour than the older stations. Furthermore, as their systems would grow, utilities have been able to operate the new generating plants near or if not 100% full capacity, thereby generating the base load of the system at high thermal efficiencies.

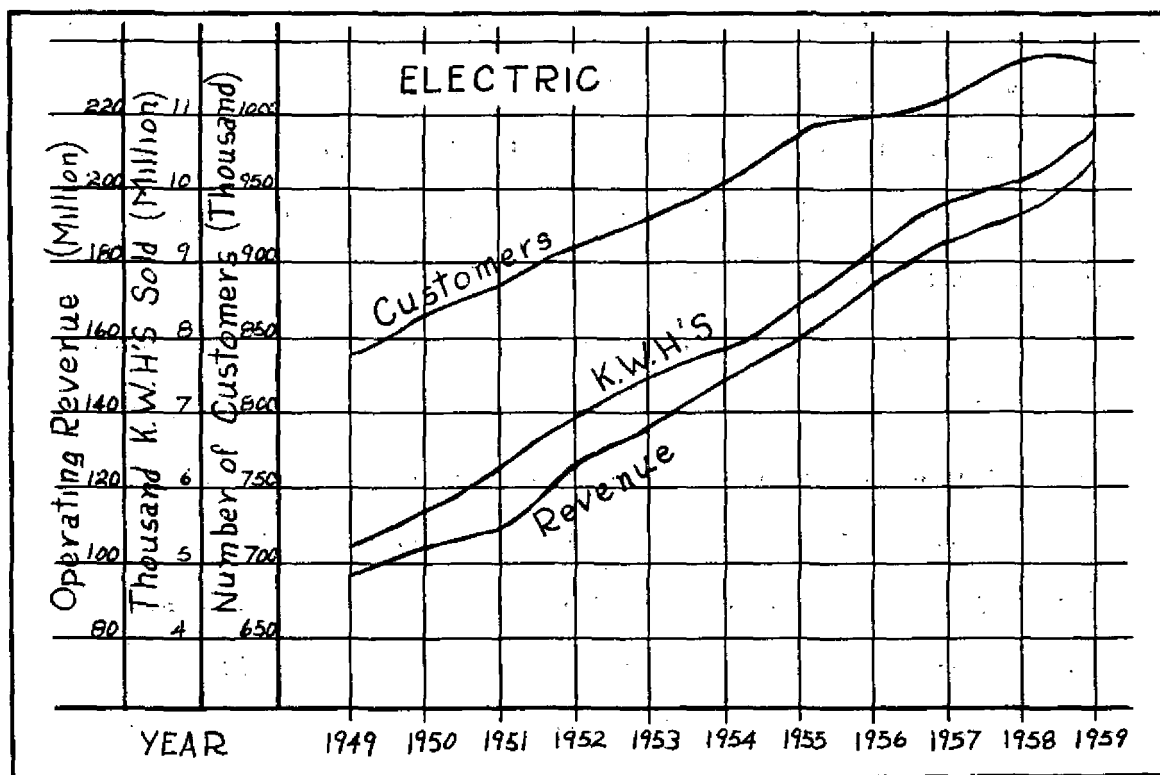
However, other costs such as investment cost and wages have continually increased to the point that the savings in reduced fuel usage per kilowatt hour have been insufficient to offset the other increasing costs

of producing the energy and bringing it to the customers so the electric utilities have finally had to come to the Commission during this as well as the past 1958-1959 period and ask for increases in rates in order to enable them to show earnings that would allow them to secure funds for providing new plant facilities. In addition to the generating facilities it has been necessary to build heavier transmission and distribution systems at higher voltages in order to deliver the service satisfactorily at the customer's premises. The program of integrating the electric transmission systems of the State has continued, thereby stabilizing the delivery of service throughout the entire State.

While there have been granted rate increases for the electric utilities, the percentage increase has not been as great as was necessary to allow other utilities.

The growth in the regulated electric utilities in Missouri during the period of 1949 to 1959,

inclusive, is indicated by the chart shown below.
That chart does not indicate any slowing up in the growth.

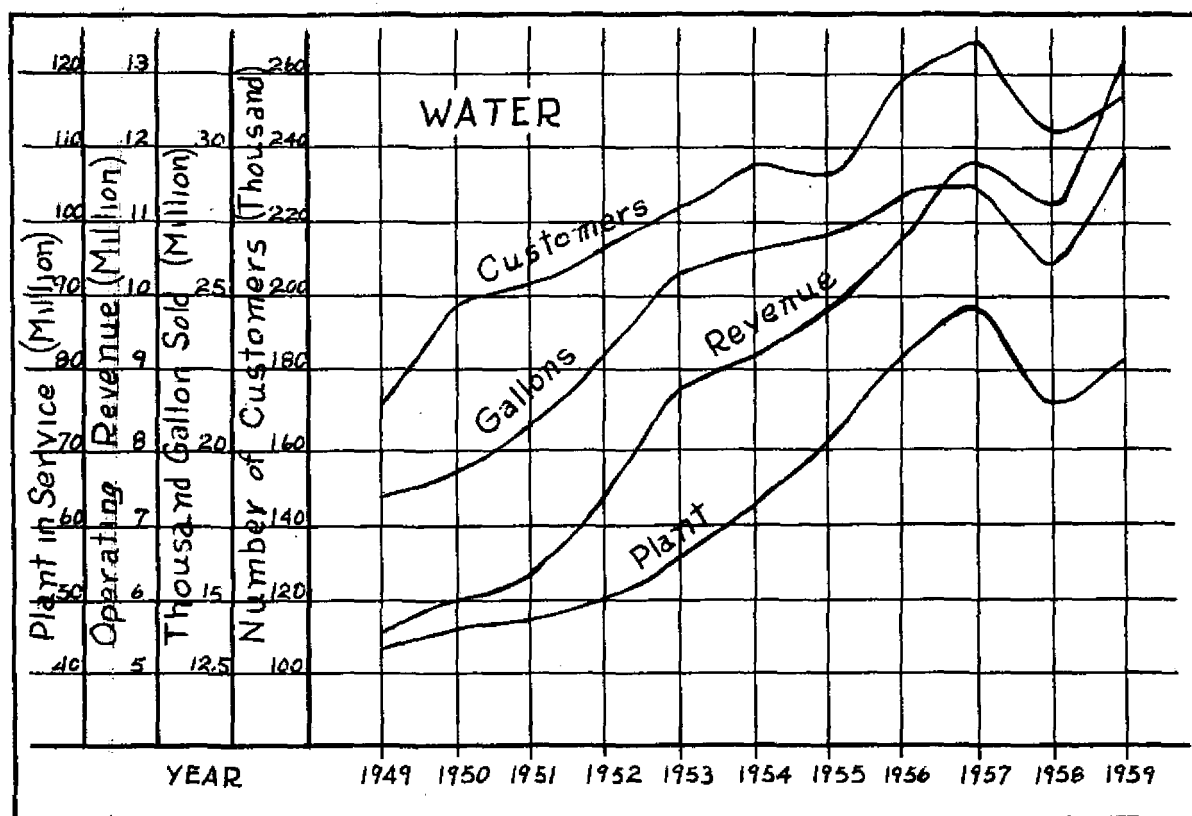


Water

Water utilities throughout the State have found it necessary to continue to expand their properties. However, during the current period their expansion problems have not been so severe as during the recent drought which required large expansion of the systems to provide water for the operation of air-conditioning units. Since the rains have started, following the long drought of 1951 to about 1957, there has been substantial relief in connection with the problems of system expansion.

During the current period there have been a number of small water utilities created by persons engaged in real estate outside of or beyond municipalities at distances from the local municipal system too great to justify the extension of water transmission lines, to the subdivision being developed. Most of these subdivisions have occurred in areas in the State where ground water is available by the drilling of wells. It has been necessary to allow the developers to develop the systems as public utilities and in order to conform to the law, they have been granted certificates of convenience and necessity to operate such systems as a public utility.

During the period of 1949 to 1959 there has been a continuous growth in the number of customers served, the gallons of water sold, the revenues received and the investment in plant required to render satisfactory water service, except for the year of 1958. That drop was caused by increased rain fall during 1958 and by the



fact that one of the larger regulated water utilities was sold to the municipality then being served. No report was then forthcoming from the municipality. The above chart shows the expansion in that service during the period.

Gas

The source of supply for the gas consumed continues to be interstate transmission lines extending from fields located in other states to the south and to the west of Missouri, through Missouri into other states in the eastern part of the United States. The problem of securing additional gas from the transmission lines is one that is under the jurisdiction of the Federal Power Commission and the problems of securing sufficient gas to meet the needs of the consuming public of Missouri are still unsolved.

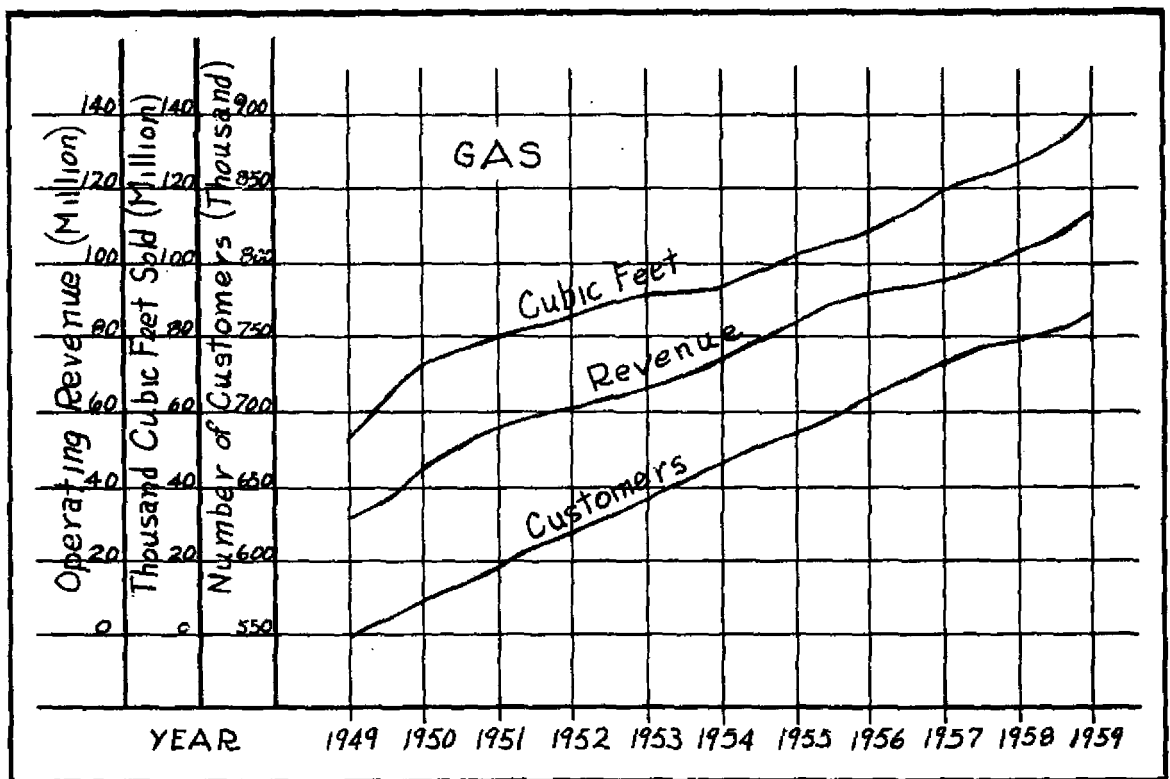
The need for gas for space heating in new homes continues to be serious as well as the need for gas in homes where other types of fuel have heretofore been used. Some of the gas companies continue to have filed with the Commission, rules by which they are permitted to restrict the allowance of gas for space heating in homes of new customers or for conversion from other types of fuel. The utilities continue to provide propane-air auxiliary plants in order to supply service to their firm customers during the cold months of the winter.

The need for the use of auxiliary propane or other liquid petroleum products for supplementing the natural gas in the distribution systems, creates additional rate problems in addition to increases that

are allowed from time to time by the Federal Power Commission to the interstate pipelines who supply the gas to the local distribution systems. In order to justify the installation and use of auxiliary gas plants to enable as many users, particularly residence, to avail themselves as much as possible of the use of the natural gas, there has been some discussion as to the feasibility of allowing the gas utilities to file a fuel clause that would be reflected in the charges for space heating when it becomes necessary to use auxiliary gas to supplement the natural gas during the extreme demands for space heating. It has been the practice for many years by the electric utilities to file and apply a fuel clause to electric energy furnished to large industrial users of that service because the rates filed with the Commission were relatively low and sold in large quantities so there was small difference in the cost of service in the rate in which it was furnished when figured on a kilowatt hour basis. Similarly gas for space heating must necessarily be furnished at relatively low unit costs when compared to other uses of gas for domestic use, but is furnished in large quantities that the lower rates are justified, but those rates are sensitive to changes in the rates charged by the pipeline companies. Therefore, if the needs of the public can be cared for by providing a fuel clause which would compensate the distributing utility on the cost of and the amount

of liquid petroleum fuel that must be used during the heating season months, thereby enabling the gas utilities to offer service to an increased number of users, it may be in the interest of the public to give serious consideration to such arrangements.

In similar manner the growth in the cubic feet of



gas sold, the revenues received and the number of customers served for the period of 1949 to 1959, inclusive, are shown above. It is evident that continued growth is dependent largely on the ability of the interstate pipe lines to supply gas to the distributing companies.

Steam Heat

A few steam heating plants in Missouri continue without much change or expansion. Those systems are used to supply steam for space heating in the heavy business district of our largest cities and since the advent of natural gas throughout the State there is not much to encourage steam heating utilities to attempt to extend their facilities to new areas.

Telephone

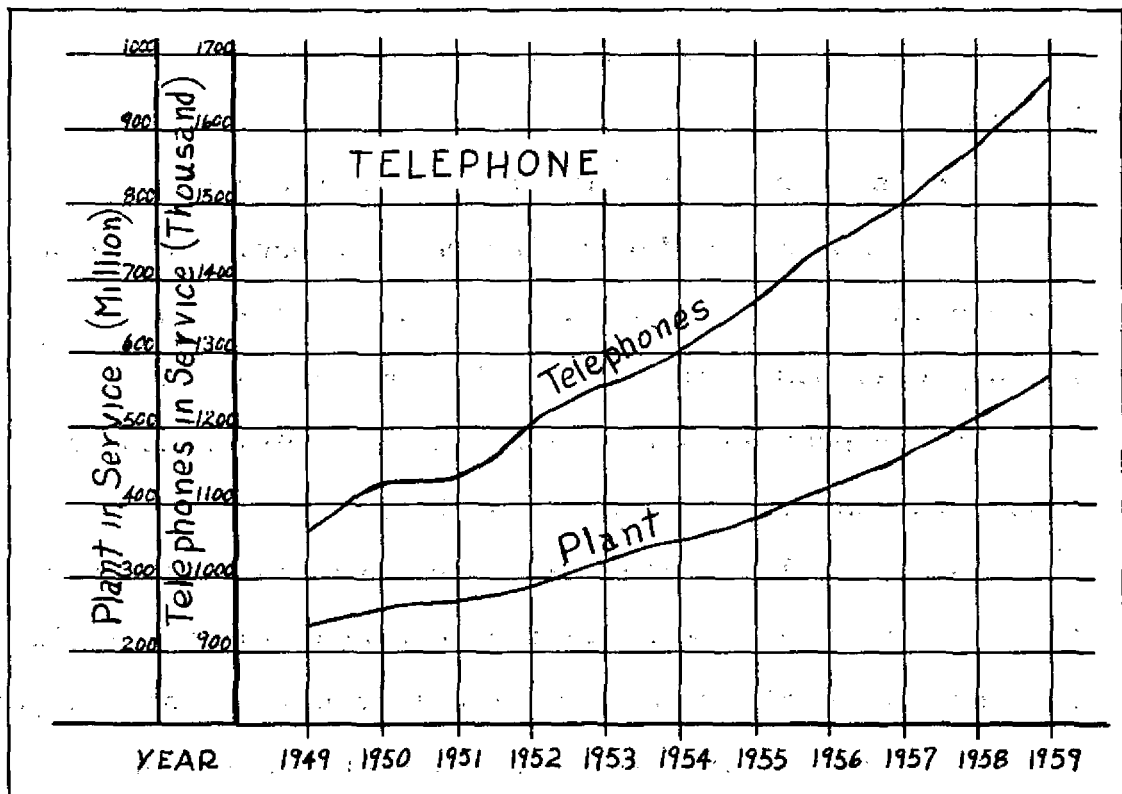
The telephone utility activities throughout the State have continued during the present period to grow and expand at as great a rate, if not greater, than during any previous period in the history of that utility.

The company is now offering what it describes as "Metropolitan Service" in Kansas City.

The so called independent, that is non-Bell owned systems have made great strides in converting the smaller exchange in rural areas to dial operation. Those changes called for the allowance of much higher rates than had previously been charged in those areas but the operating results show that the public is highly pleased with the improved service. The introduction of dial service requires much better construction and maintained exchange systems but it also provides much better local as well as toll service in those areas. While the increase in rates has been as much as 100% or more above the previous rates

charged, the acceptance of the service at those rates has provided service much more satisfactory and acceptable to the subscribers than any former class of service. As far as is can be observed at the present time, it appears it is only a matter of time when practically all the service in the State will be dial service.

The growth from 1949 to 1959, inclusive, is further



shown by the graph above. For the time being that growth appears to be at an accelerating rate. The graph includes the plant and telephones of the Southwestern Bell Telephone Company and the non-Bell companies.

Telegraph

While the Western Union is one of the oldest, if not the oldest, communication utilities and one that has gone through many changes, it is encouraging to note that that company is offering new classes of service to its customers, probably largely on an interstate basis. Most of the regulation governing the activities of that company are doubtless under the jurisdiction of the Federal Communications Commission but there yet remains many problems involved in intrastate matters.

It has been necessary to allow the railroads to close additional numbers of the smaller railroad stations throughout the State and since the agent of the railroad generally handles telegraphic communications for the public the closing of the railroad stations has made it necessary to close many telegraphic services at those points. It is true also that the Western Union has closed a number of its local offices in various points throughout the larger cities. However, it appears from reports coming to the Commission from or concerning the Western Union that it has been able to offset the losses it has experienced in the closing of many of its smaller stations by improvements made in the system generally. By mechanizing and

arranging a number of strategically located message centers, the company is able to transmit messages almost immediately without manual retransmission at any point. It has substituted electronic transmission for manual transmission of its telegrams and enlarged its capacity for serving much greater traffic.

Telegraphic systems and plants are being modernized so that it can transmit messages by radio beam, carrier equipment as well as by private wire systems. These services include the sending of communications by telegraph with certain types of dialing facilities available to the subscribers which enables the subscribers to send written communication direct to another subscriber. With these modernization facilities it appears that the company is enjoying a growing business that enables it to make greater uses of the improvements in this telegraphic system.

LEGAL DEPARTMENT

The work of the Legal Department during the past fiscal year has continued to increase to a considerable degree, largely as a result of increased business in the Commission generally. The duties of the legal staff are many and varied. They always include many conferences with the Commissioners and the technical staff, advising them upon the legal problems that arise in the daily routine of business. The General Counsel, with his assistants, has discharged the duties imposed upon him by the Missouri law requiring that he give opinions and advice to the public as to their rights under the Missouri Public Service Commission Law and the legal methods and procedures pertaining to the same. Numerous individuals or their attorneys, as well as various public officials, have conferred with members of the department and have been given advice and opinions, oral and written, with respect to the matters within the scope of its prescribed functions. A considerable volume of correspondence directed to the Commission is referred to the General Counsel for reply.

This department has continued to work with other agencies and departments of the State government. Various problems concerning the enforcement of the Bus and Truck

Act by the State Highway Patrol have arisen during the past year and advice and opinions concerning these matters have been given to the Patrol.

On a number of occasions, members of the department have accompanied inspectors from the Bus and Truck Department of the Commission to various weight stations over the State when safety inspections and compliance check-ups were made. Legal questions frequently arise on such occasions and the presence of a member of the Legal Department at the point of inspection facilitates prompt disposition. Acting upon orders from the Commission, following hearings on citations against motor carriers, penalty suits have been instituted in Circuit Court and penalties collected for violations of the Bus and Truck Act and Commission orders. Funds collected go to the Public School Fund, by statute.

Considerable attention has been given to the problem of licensing motor vehicles operated in interstate commerce by non-residents of the State, and the department has cooperated with the Director of Revenue and the Supervisor of Motor Vehicle Registration in these matters. The existing reciprocity contracts between Missouri and other States have been reviewed and conferences held in some instances with officials of

other states in order to revise and keep up-to-date reciprocity contracts.

The Legal Department of the Commission has appeared in all rate and valuation cases heard by the Commission, as is required by statute. In such cases, this staff, in cooperation with the Commission's technical staff, has presented to the Commission all available facts and information which it believed to be in the public interest. Members of the department have actively participated in other cases where an interest of public concern was involved. Oftentimes individuals and groups appear before the Commission without legal assistance on matters of public interest, and the General Counsel and his staff have always given assistance to such individuals and groups in order that such matters may be properly presented to the Commission for decisions thereon.

In addition to the foregoing, the staff attorneys have assisted the Commission by acting as hearing examiners. These individuals have heard many cases during the past year, which has helped the Commission dispose of the cases on its crowded docket in a prompt and an orderly manner. In addition to presiding at the hearing, the examiners prepare suggested reports and orders which are submitted to the Commission for consideration,

the Commission making such changes in the proposed orders as it finds to be necessary.

Members of the legal staff have appeared in all cases in the courts of this State and the United States in which the Commission had an interest. These cases included litigation which arose in the courts in the first instance and cases which originated before the Commission and were reviewed by Circuit and Appellate Courts of the State. This litigation has greatly increased during the past year and perhaps reached an all time high for the Commission. This is due largely to the increased volume of business before the Commission, much of which was of great importance to the parties involved and the public in general and which naturally resulted in the decisions of the Commission being tested in the courts. The staff has presented to the courts the Commission's views with respect to the issues involved, and it has vigorously prosecuted such litigation to its final conclusion. This necessarily has taken considerable time of the legal staff in preparing for arguments, writing briefs, presenting evidence and otherwise representing the Commission in the various circuit and appellate courts of the state.

In addition to appearing in the State and Federal Courts on behalf of the Commission and the general

public in matters within the scope of this Commission's jurisdiction, members of the department have represented the Commission at various hearings before the Federal Power Commission and the Interstate Commerce Commission. The purpose of such appearances was to protect the interests of the utility consuming public of this State. These cases have involved many issues, e.g., gas rates, transportation rates, allocation of gas for particular communities, discontinuance of service by railroads, etc.

Among the important duties of the Commission requiring considerable time of the members of the department, is the representation of the State on joint boards created by the Interstate Commerce Commission pursuant to the provisions of the Federal Motor Carriers Act. The function of the joint board is to hear applications for certificates of convenience and necessity and permits to operate as motor carriers in interstate commerce and to recommend to the Interstate Commerce Commission the action to be taken thereon. Hearings by joint boards in which this department has participated have been held in St. Louis, Kansas City, Chicago, Des Moines, Little Rock and Springfield, Illinois.

The personnel of this department during the past fiscal year has consisted of the General Counsel, Assistant General Counsel, three staff attorneys, one of whom was also the reporter of opinions; and three legal stenographer-secretaries.

RAILROAD SAFETY DEPARTMENT

During the period July 1, 1959 to June 30, 1960, a total of one hundred forty-six inspections were made by this department on twelve railroads in the State of Missouri. Of the one-hundred forty-six inspections, eighty-one were inspections of industrial tracks where the hazard existing on said tracks was called to the attention of the management of the industry, who in turn corrected the condition. The industrial hazards included substandard clearances, trash and debris on track, insecure footing, and violations of General Order No. 24.

Sixty-five of the one-hundred forty-six inspections were made on railroad property and the hazards called to the attention of the trainmaster or supervisor and the conditions corrected. The railroad inspections included sanitary condition of the station rest rooms, employee rest rooms, unsafe operating conditions and various violations of General Order No. 24. On one-hundred thirty-two of the one-hundred forty-six inspections made in the last year, conditions have been corrected and the file closed as of July 1, 1960.

Weeds and brush obstructing sight distance of motorists at grade crossings are of prime concern to the Commission. This department has been instructed to inspect

all railroad grade crossings in Missouri and have corrected at once, any obstruction to clear vision of motorists caused by weeds or brush. Inspection of grade crossings to date has been completed on three railroads and spot checks made on eight other railroads.

Inspection of locomotive cars and equipment, and railroad companies operating in the State has been carried on throughout the year by this department. Where defects were found which might affect safety, they were pointed out to the supervisory officials on the property, and follow-up inspections were made to see that conditions were corrected. Constant inspection by this department tends to increase the vigilance of the railroad management in regard to the maintenance of the equipment and structures and safe operating conditions.

This department has received splendid cooperation from the railroads and industries in Missouri in helping to reduce injuries to railroad employees and the public.

TRANSPORTATION RATE DEPARTMENT

General

The Transportation Rate Department has the responsibility of assisting and advising the Commission in its administration of the law providing for the regulation of rates, fares and services of railroads, motor carriers, street railways, express and pullman car companies. The personnel of the department consists of the chief rate expert, three rate experts, one service inspector and two stenographers.

The department receives and examines all rate and fare schedules filed with the Commission by the various transportation agencies to determine the reasonableness of proposed changes in rates and charges within the State of Missouri and makes suggestions and recommendations to the Commission as to whether such changes should be permitted to become effective or suspended for public hearing. Last year the department received and examined a total of 6,197 new or amended tariff schedules. These schedules included 4,010 railroad freight tariffs, 553 railroad passenger tariffs, 146 railway express tariffs, 283 motor bus passenger and express tariffs and 1,205 truck tariffs.

Each of the tariff schedules is examined to determine if it provides proper notice to the public and if

it otherwise complies with the tariff circular requirements. During the year it was necessary to reject thirteen schedules because of the failure to allow statutory notice or because of flagrant disregard of the tariff publishing rules. In many cases changes were required to be made in the schedules before they were permitted to become effective and a constant and heavy volume of correspondence with the carriers and their tariff publishing agents results from that purpose.

The department also maintains an extensive file of interstate tariffs of various transportation agencies which are used by the department and others for rate comparisons and other purposes.

The authority of carriers who do not file proper tariffs or who fail to meet other requirements of the Commission is subject to suspension. During the year the department drafted orders to suspend the authority of 36 carriers, 24 of which were later cited to appear before the Commission to show cause why their authority should not be revoked for failure to comply with Commission requirements. By the end of the period covered by this report, 26 of the carriers had complied with the requirements and their authorities were reinstated.

The department maintains the official file of time

Schedules of motor carriers of passengers. Last year, 116 new or amended time schedules were accepted for filing. Each new or amended schedule is examined to determine what changes in service will result, whether the remaining service appears to be adequate to meet the public need, or whether the public interest will be adversely affected. The department handles complaints against proposed changes in time schedules and in many instances is able to suggest changes or revisions in schedules to satisfy such complaints. Affected communities are advised of proposed service changes so that they can request to be heard by the Commission if mutually satisfactory schedules cannot be worked out in an informal manner. In the event hearings are held, department personnel participates in the proceeding and assists the Commission in disposing of the matter. Last year the department prepared for issuance by the Commission six Orders pertaining to changes in time schedules of the various bus lines.

The department handles the requests of carriers and their tariff agents for authority to establish rates and charges or make changes in time schedules on short notice because of emergency situations, or for relief from the rules of publication. During

the year the department received and recommended disposal of 219 requests for short notice or for tariff rule relief.

The department is represented at hearings before the Commission when rates and charges or service of transportation agencies are involved and in other cases when requested by the Commissioners or the hearing examiners. Testimony is offered by department personnel whenever it seems appropriate for proper determination of the issues involved. The department frequently prepares proposed reports and orders in connection with rate and service matters. In the past year 28 recommended Orders were prepared in connection with proceedings involving the investigation and suspension of rate schedules. Proposed Reports and Orders were drafted in three general rate proceedings, one of which resulted in an increase in the rates for moving household goods, one an increase in the motor carriers rates and the other which rescinded a previous Order of the Commission that permitted a 15% reduction in rates for dump trucks capable of transporting twelve tons or more.

The department renders assistance to the Commission and to other departments in the processing of motor carrier applications for new authorities and transfers, clarifications and consolidations of previously-granted

authorities. During the year 119 restatements of operating authorities were made for use in connection with the transfer of such authorities. The department also drafted five proposed Orders involving the granting of additional operating rights and three Orders transferring operating rights.

The Commission has also entrusted the department for the initial recommendation with respect to the granting or denying of applications for temporary authorities which seek to fill an immediate and emergency need for service when there is no other carrier deemed capable of meeting the need. During the year the department prepared 86 proposed reports granting or denying temporary rights to motor carriers.

The Seventieth General Assembly exempted from regulation by the Commission the operation of tow trucks and wreckers effective August 29, 1959, and as a result the department drafted Orders cancelling the certificates or permits theretofore issued to a total of 387 tow truck and wrecker operators.

The department renders assistance to carriers and to the public generally in connection with transportation rates and service. Hundreds of complaints are handled annually, many of which require extensive investigation. Most of the investigation is done by the

service inspector assigned to the department for that purpose, but he is often assisted by other members of the department. During the past year, 126 complaint matters were assigned to the service inspector for investigation. These investigations required travel throughout the State. Many of the complaints were found to be groundless or of such a nature that they could be disposed of without court action or formal proceedings before the Commission. However, the presence of our inspector was required in twelve court proceedings in Circuit and Magistrate Courts of the various counties and eleven of the investigations resulted in citation proceedings before the Commission. These citation proceedings involved a total of twenty-three truck operators and five shippers, the latter being charged with aiding and abetting unlawful operations. In these investigations, the department works closely with the Legal Department and the Bus and Truck Department of the Commission, the Interstate Commerce Commission and the State Highway Patrol. Twenty-one compliance surveys of motor carrier operators were made jointly with Interstate Commerce Commission personnel. The department participated in eleven highway truck checks held in various parts of the State, which resulted in a total of 771 arrests for unlawful operation, safety violations or other infrac-

tions and fines which totaled \$18,731.00. The service inspector also attended four sessions of a school conducted by the State Highway Patrol for its motor vehicle enforcement officers and attended three truck clinics conducted by personnel of the Interstate Commerce Commission and certain motor carriers.

Personnel of the rate department also participates on behalf of the Commission in proceedings before the Interstate Commerce Commission involving rates from, to and between points in Missouri. Two such proceedings, both involving complaints brought by Missouri railroads under the provisions of Section 13(4) of the Interstate Commerce Act alleging that Missouri intrastate rates are preferential to Missouri shippers and discriminatory to interstate commerce were in the process of litigation during the past year.

Railroad Rates and Operations

There was no general increase in railroad rates and charges during the past year although operating costs continued to rise. There appears to be a more concerted effort on the part of the railroads to increase their revenues by improving service, at least insofar as freight operations are concerned. The transportation of highway trailers on flat cars continues to increase. "Piggyback" service holds considerable prom-

ise of returning to the railroads some of the traffic that they have lost to trucks, operating both in private carriage and in common carriage. Generally the initial rates for "piggyback" service have been on the motor carrier level, although in recent months the railroads have begun to depart from the truck rate level and are basing their rates on their own costs. A new competitive struggle between the railroads and trucks may be in the making.

There were some changes in the intrastate rail rate structure in Missouri. Effective January 11, 1960, Missouri railroads established the Interstate Commerce Commission Docket 28300 class rate structure within Missouri, to the same extent as it had been theretofore prescribed for interstate application. These class rates are governed by the Uniform Classification prescribed by the Interstate Commerce Commission in Docket 28310. The new class rates apply only on commodities that take the classification basis of rates. Class rates previously made effective as a result of Interstate Commerce Commission Dockets 13535 and 17000 remained in effect for application on all traffic subject to exception rates. The new rates resulted in as many reductions as increases but comparatively little traffic is affected as less than 5% of all traffic moves on the

classification basis of rates.

Some increase was made in Missouri intrastate rail rates on such commodities as sand, gravel, etc., effective June 15, 1960, as a result of an Order of the Interstate Commerce Commission in Docket 32010 which case involved a complaint filed under the provisions of Section 13(4) of the Interstate Commerce Act. The Federal Commission found that the failure of the Missouri Commission to permit identical increases as authorized in interstate commerce favored Missouri shippers and discriminated against interstate commerce. The increase amounted to about 2% on the few commodities involved.

No decision has yet been reached in the proceeding brought under Section 13(4) of the Interstate Commerce Act involving the complaint of Missouri railroads that the failure of the Missouri Commission to allow the full Ex Parte 206 increase on Missouri intrastate rates resulted in preference to intrastate shippers and discrimination against interstate commerce. The proceeding is pending in ICC Docket 32463 and a hearing was held on October 23, and 24, 1958, and a further hearing to bring the record up-to-date was held on June 27, 1960.

For the first twenty-six weeks of 1960 rail car-

loadings were 3.6% below the same period in 1959, but were 9.8% more than the same period of 1958. In the same periods there were 35.8% more cars loaded with highway trailers in 1960 than in 1959.

The Chicago, Rock Island and Pacific Railroad Company and the Atchison, Topeka & Santa Fe Railway Company increased their coach passenger fares by 5% during the past year but there was no other changes in the basic passenger fares. The Kansas City Southern Railway and the Missouri Pacific Railroad continued their efforts to encourage passenger travel by honoring coach tickets in sleeping cars and in May 1960, the Missouri Pacific introduced a new experimental round-trip coach party fare arrangement for three or more persons traveling together.

During the year a number of passenger trains were discontinued in Missouri and a number of towns lost their last passenger train. The elimination of passenger trains and the closing of the passenger stations also resulted in the loss of railway express service. To some extent the Railway Express Agency has been able to provide service from nearby railway stations and in some cases has instituted motor carrier operations to provide express service where such operations have been deemed economically feasible.

The Railway Express Agency was completely revamped in July, 1959. Under the new plan of operation it has more freedom in selecting routes for its service. It is no longer bound to the routes of certain railroads. On the other hand, however, it will no longer be subsidized by the parent railroads. On September 1, 1959, it increased its charges by 25¢ per shipment, although it has subsequently effected many rate reductions, most of them being of an incentive nature for the purpose of attracting new express business.

Truck Rates and Operations

The costs of operating motor vehicles also continued to increase during the past year. By an Order dated September 30, 1959, in Case 18311, motor carrier class rates were increased by about 5%. The rate increase was intended to offset increased operating costs. Household goods movers were also authorized by Order of October 3, 1959, in Case T-18333, to increase their rates and charges by about 5%.

As indicated in our prior report, a hearing was held on May 20, June 17 and 24, 1959, for the purpose of receiving evidence as to whether a previous Order authorizing a 15% reduction in dump truck rates for twelve-ton loads should be rescinded. As a result of the evidence adduced during the hearing, the Commission

concluded that the 15% reduction authorized for operators of the larger trucks afforded them an advantage that was not generally warranted by lower operating costs and was discriminatory to the operators of smaller vehicles and to shippers in the areas served only by these smaller trucks, and canceled the Order which permitted reduced rates for twelve-ton loads.

Intercity Bus Fares and Operations

Except for an increase in fares of the Central-Southwestern Greyhound Lines on its route between Kansas City and St. Joseph, Missouri, there was no general increase in bus passenger fares last year. The increase in the fares of Central-Southwestern Greyhound Lines was found to be justified because of the unbalanced loading of vehicles on numerous schedules made necessary by extensive commuter operations. There was some increase in bus express rates during the year.

Transit Fares and Operations

The decline in patronage of the transit companies continued during the past year but there were no major changes in transit fares.

The St. Louis Public Service Company has continued to operate under fare schedules substantially the same as made effective June 29, 1959. The schedules provide

for adult fares of 25¢ cash or four tokens for 90¢, except between the hours of 9:00 a.m., and 3:00 p.m. an adult passenger may ride for 20¢. The round-trip fare for riding within a single zone is 35¢. The students' fare is 15¢ for holders of a student identification badge purchased for \$1.00 for each semester. The differential for express service is 5¢ and passengers riding through certain zone points must pay additional zone fares ranging from 5¢ to a maximum of 15¢. Effective October 5, 1959, the Company introduced new special club bus line service available to groups of people who will gather at a predetermined point and time and who have a common destination. Tickets good for a two-week period are sold to "group bus" participants for \$5.00 and the holder of this ticket may then ride one way for an additional fare of 15¢.

The current fares of the Kansas City Public Service Company are those provided in a tariff made effective November 1, 1959. The schedule provides for an adult cash fare of 25¢, or four tokens for 95¢. (Prior to November 1, 1959, the token rate was two tokens for 45¢.) The children's fare is 10¢ and there is no reduced fare for students. On certain of the longer lines there are zone fares ranging from 5¢ to

10¢ for passengers passing through certain zone points.

The current fares of the St. Joseph Light and Power Company are named in a tariff schedule that was made effective April 27, 1958. The schedule provides for an adult cash fare of 15¢, seven tokens for \$1.00, and a children's fare of 10¢. The schedule also provides a students' fare of 10¢ for students holding an identification card.

Railroad and Street Railway Mileage

Class I railroad carriers serving Missouri reported 11,024 miles of track as of December 31, 1959, in comparison to 11,085 miles as of December 31, 1958. The reduction in mileage was due in part to abandonment of approximately ten miles of track by the St. Louis-San Francisco Railroad Company on its branch from Carl Junction, Missouri, to Opolis, Kansas, as authorized by the Interstate Commerce Commission by Order effective June 20, 1959, in Finance Docket 20496. The Chicago, Burlington & Quincy Railroad Company also discontinued about forty-four miles of its second main tracks. With these exceptions, the decrease was due to changes in yard switching tracks, passing tracks, cross-overs and turnouts.

Previous reports have included almost fourteen miles of track operated by the Kansas City Public Service

Company as a street railway. The last remaining streetcar lines of this company were converted to motor buses by authority of the Commission Order dated June 3, 1957, in Case No. 13,645. Freight switching service is still provided over these tracks, but the track miles will no longer be reported as street railways. Track mileage reported by the St. Louis Public Service Company as of December 31, 1959, is the same as reported for the prior year.

Except for a reduction of less than 0.2 miles by the Hannibal Connecting Railroad Company, there was no change in the miles of track operated by the smaller railroads during the past year.

The following table shows the rail mileage in Missouri operated by the various rail lines as of December 31, 1959:

RAIL MILEAGE OPERATED IN MISSOURI AS OF DECEMBER 31, 1959

<u>Class I Railroads</u>	<u>Main Line Tracks</u>	<u>Second Main Tracks</u>	<u>Other Main Tracks</u>	<u>Passing Tracks, Cross- overs, Turnouts</u>	<u>Way and Yard Switching Tracks</u>	<u>Totals</u>
A.T. & S.F. Ry. Co.	308.17	199.29	26.54	54.28	71.51	659.79
C.B. & Q. RR. Co.	1325.78	59.44	- -	146.06	348.27	1879.55
C.G.W. Ry. Co.	101.22	3.61	- -	10.22	22.83	137.88
C.M. St. P. & P. RR. Co.	155.97	57.46	12.45	32.26	102.29	360.43
C.R.I. & P. RR. Co.	509.88	70.41	27.60	53.13	128.04	789.06
G.M. & O. RR. Co.	251.69	17.40	9.12	47.00	50.99	376.20
I. T. RR. Co.	2.54	1.95	- -	.45	8.64	13.58
K.C.S.Ry. Co.	199.59	10.33	- -	39.60	130.91	380.43
M-I RR. Co.	89.04	- -	- -	6.40	30.07	125.51
M.K.T. RR. Co.	391.26	18.84	- -	53.39	97.44	560.93
Mo. Pac. RR. Co.	1420.94	222.53	3.29	178.45	556.09	2381.30
St.L.-S.F. Ry. Co.	1428.12	31.28	- -	168.97	396.07	2024.44
St.L.-S.W. Ry. Co.	219.09	14.79	- -	21.51	34.57	289.96
U.P. RR. Co.	2.16	1.54	- -	5.96	15.96	25.62
Wabash RR. Co.	<u>628.14</u>	<u>62.72</u>	<u>13.31</u>	<u>98.40</u>	<u>216.88</u>	<u>1019.45</u>
TOTALS	7033.59	771.59	92.31	916.08	2210.56	11024.13

Street Railways

St. Louis Public Service Company	32.41	32.41	- -	8.41	8.58	81.81
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Small Railroads

Bevier & Southern Railroad Co.	20.12
Hannibal Connecting Railroad Co.	5.84
Kansas City Connecting Railroad Co.	4.73
Missouri & Illinois Bridge & Belt RR. Co.	3.48
St. Louis & Troy Railroad Co.	<u>5.20</u>

TOTALS **39.37**